

▶ *new directions* ▶



AR71

CRISPIN



Crispin Energy Inc. is a junior oil and gas exploration and development company with shares listed on the Canadian Venture Exchange (trades under symbol "CEY"). The Company's goal is to increase shareholder value with a balanced combination of development and exploration drilling, supported by complimentary acquisitions.

Shareholders are cordially invited to attend the Corporation's Annual General Meeting, which will be held at the Bow Valley Club, located at 370, 250 - 6th Avenue SW, Calgary, Alberta, at 10:00 a.m. Thursday, June 1, 2000. Shareholders are encouraged to complete and return the enclosed Proxy form to the Corporation or to Valiant Corporate Trust Company's Calgary office if you are unable to attend the Annual General Meeting.

1999 was a year of tremendous contrast and challenge for Crispin, as it was for the majority of Canadian producers heavily weighted towards oil production. The year commenced with the benchmark West Texas Intermediate (WTI) oil price languishing near 15 year lows of \$10.50 US/bbl and finished with a robust oil market evidenced by WTI prices of approximately \$28.00 US/bbl. High corporate debt loads and a scarcity of equity financing resulted in a substantial amount of industry-wide rationalization at both the corporate and property level. Opportunities arose for those companies positioned to take advantage of this precarious period.

Within this environment, Crispin began implementing the business strategy developed in 1998. The disposition of the Girouxville property and application of the resulting proceeds toward long-term debt, along with a radical reduction in the Company's general and administrative cost structure, afforded Crispin the opportunity to survive the turbulent first half of 1999. The company continued to evaluate attractively priced investment opportunities aimed at rotating the asset base towards areas characterized by shallow multi-zone drilling horizons, year round surface access and available production infrastructure, all key precepts incorporated within the business plan. This disciplined business approach ultimately resulted in the identification and successful corporate acquisition of Gannon Bros. Energy Ltd. and Denton Energy Ltd. in July 1999. The combined acquisition of 150 boepd and approximately 400 MSTBOE of established reserves for an effective purchase price of \$1,100,000 resulted in exceedingly attractive metrics of \$7,500/boepd and \$2.75/boe. In addition to the stable cash flow provided by a number of small non-operated unit working interests and a variety of disposition candidates, which Crispin will rationalize at the appropriate time to provide capital for re-investment, the acquisition benefits Crispin with an exciting core asset at Ewing Lake, Alberta.

During 1999 the operating results of Crispin began to evidence the change to a more disciplined approach embarked upon in 1998. While average production for the year of 229 boepd represented a decrease of 7% from the prior period (245 boepd),

Crispin's year-end 1999 exit production rate of 284 boepd and current production of approximately 350 boepd reflect the early stages of growth Crispin is beginning to experience. Strong improvements in operating income (58% increase) translated into a somewhat smaller gain in cash flow (30% increase), primarily due to a one-time general and administrative charge relating to the severance of an employment contract. Cash flow of \$594,000 was achieved in spite of a crude oil price-hedging program initiated at an average of \$19.00 US/bbl WTI which impaired cash flow by approximately \$190,000 in 1999. On a boe basis, hedging losses of \$2.25/boe reduced operating netbacks from \$14.59/boe to \$12.34/boe.

Crispin continues to emphasize strict cost control in an effort to maximize cash flow. Operating expense increased 13.5% on a boe basis in 1999 as the direct result of three significant factors. The acquisition of the Gannon and Denton assets included several mature relatively low production rate properties with disproportionately high fixed operating costs. Additionally, a number of the acquired assets were substandard in terms of general upkeep and required a variety of non-recurring expenses to upgrade to oilfield standards. And at Sousa, major production disruptions resulted in a higher level of fixed operating charges and a lower production base. Crispin anticipates seeing a reduction in corporate operating expense on a boe basis during 2000 as Sousa is restored to full production and a portion of the Gannon and Denton assets are rationalized.

1999 was an active year for Crispin. Capital expenditures of approximately \$2.25 million were supported by financing activities totaling \$2.0 million. Capital activity was principally focused on the acquisition and integration of the Gannon and Denton properties, remediation and facility upgrade of the Sousa property, and initial drilling of the Mann Lake property. At Sousa, an oil spill at the 12-04 well in May necessitated a shut-in of the entire property and several deficiencies were identified and remedied at the 13-09 battery site. Approximately \$700,000 was expended prior to the property being restored to partial production in November 1999. Full production was restored in March 2000. The initial evaluation well on Crispin's Mann Lake heavy oil prospect was

Report to Shareholders

successfully drilled at 07-15-062-09W4M during December 1999. Production testing has confirmed Crispin's expectations for the property and accordingly the Mann Lake project will be a focal point of Crispin's capital expenditure program in 2000. Medicine Hat continued to provide the largest component of cash flow for the company in 1999. While no development activity was undertaken during the year, a number of low risk horizontal drilling locations exist that will ultimately be exploited. A pilot waterflood project in general proximity to the company lands has demonstrated encouraging results and will be expanded in the near future to lands immediately offsetting Crispin.

As Crispin moves into the year 2000, several challenges will continue to confront all small producers. Investor confidence in the entire sector has been shaken recently, in part by a number of high-profile corporate failures. Extremely strong commodity fundamentals have not translated into the same level of performance by the oil and gas sector, as measured by the TSE Oil & Gas Index. Small producers have fared even worse than their larger counterparts. New capital in the form of equity remains difficult to source. Many believe this is a result of the recent technology stock expansion, which has competed for risk capital traditionally earmarked for the oil and gas sector. At the time of writing the technology sector is experiencing a substantial pull back in stock valuations which could cause a rotation of capital towards oil and gas. Merger and acquisition activity within the oil and gas industry may also provide additional liquidity which could be redirected towards other oil and gas positions. Crispin anticipates that any share price multiple expansion that does occur will first be experienced by the large market capitalization stocks before trickling down to smaller companies.

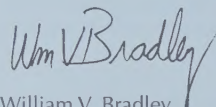
The primary hurdle for Crispin will be the higher perceived risk applied to small producers. In the absence of readily available capital, small producers will need to exhibit growth by spending internally generated cash flow. Only those companies able to spend cash flow in an efficient and profitable manner will have access to additional capital. Crispin will be one of these companies. A conservative balance sheet provides Crispin with ample flexibility to

undertake the 2000 capital program of \$2.0 million. Capital spending will be closely monitored with current cash inflows to ensure balance sheet integrity.

Strict adherence to overall cost control and rigorous evaluation of new prospects in an effort to realize high cash netbacks per boe will enable Crispin to achieve efficient growth. At Mann Lake, the exceedingly low royalty structure and depletion costs associated with this style of project will reward Crispin with a high recycle ratio (operating netback/finding and development cost) and profitable growth. Crispin will continue to develop Mann Lake in 2000 and a similar property, Fort Kent, is under review with an evaluation well expected to be drilled in the fourth quarter. Strategic acquisitions embedded with unrealized upside at attractive values, such as the Gannon/Denton transaction, will also remain a priority. Crispin believes the Ewing Lake property, obtained in the aforementioned transaction, has considerable exploitation potential. Along with a number of possible re-completions, the first horizontal well aimed at exploiting by-passed Nisku oil will be drilled in 2000. The success of this well could confirm the potential for several more locations.

I wish to thank the staff of Crispin for their hard work and perseverance, the Board of Directors for their guidance and support, and the shareholders for their continued support. 2000 will be a year of growth for Crispin which I look forward to reporting to our shareholders in the coming months.

On behalf of the Board of Directors,



William V. Bradley
President and CEO
April 4, 2000



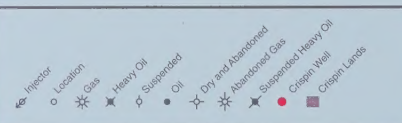
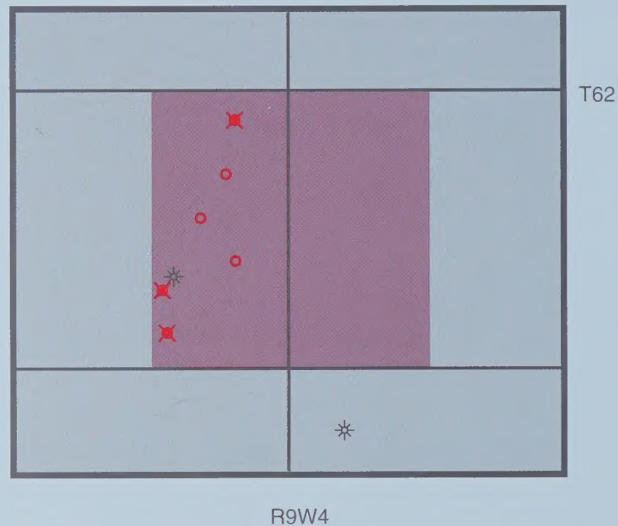
Medicine Hat, Alberta

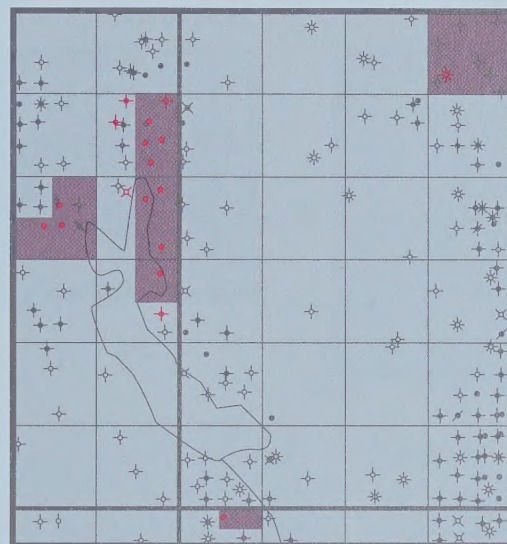
Mann Lake, Alberta

Crispin owns a 100% interest in a 256 ha Oil Sands lease located at 62-09W4M in the Mann Lake area of Alberta. This area is predominately characterized by heavy oil development.

Crispin was granted Oil Sands Royalty Scheme project status during the fourth quarter of 1999, permitting drilling on 16 ha spacing. In addition, the scheme includes a reduced Crown Royalty of 1% until project payout is achieved.

Crispin's initial well, drilled in December 1999 to evaluate a potential McLaren oil channel, encountered nine metres of pay. Production testing confirmed Crispin's estimates of capability and five additional wells were licenced on the property of which two were drilled prior to the end of the first quarter of 2000.

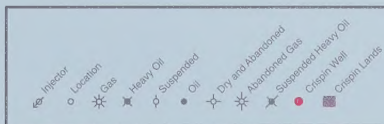




T37

R21

R20W4



Crispin obtained an approximate 37% working interest in 800 gross ha (294 net ha) of oil producing land near Stettler, Alberta in the Gannon/Denton transaction. Current production averages 50 bopd (light gravity 36° API) net to Crispin from the Nisku and Leduc formations.

A variety of exploration and exploitation opportunities are presently being evaluated on the property. Crispin believes considerable reserve and production upside exists on this under-exploited property. A horizontal well aimed at capturing unswept Nisku oil will be drilled in the third quarter of 2000 as the first step in a comprehensive development plan.

Fort Kent, Alberta

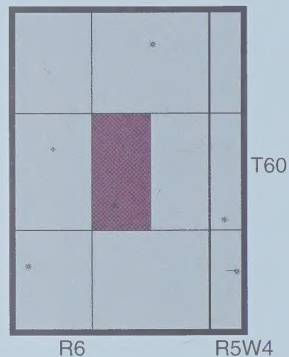
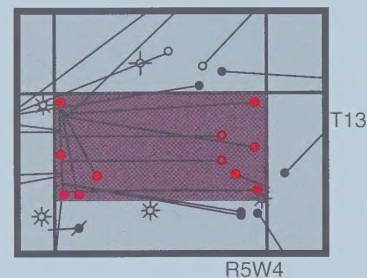
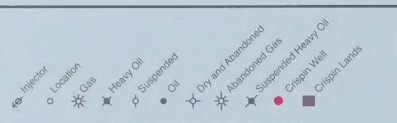
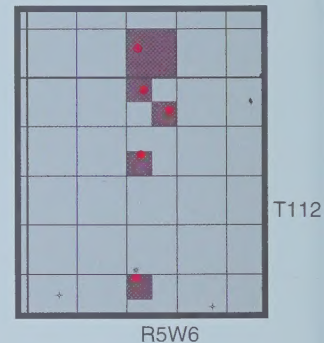
Crispin owns a 100% interest in a 128 ha Oil Sands lease in the Fort Kent area of Alberta. An Oil Sands Royalty Scheme has been applied for. This scheme, when approved, will provide for reduced 16 ha spacing and a 1% Crown Royalty until project payout in a manner similar to Crispin's Mann Lake project. The oil prone Sparky formation is the primary target on this property.

Medicine Hat, Alberta

Development of the Glauconite "C" pool was undertaken by Crispin in 1998 with the drilling of three horizontal wells. Production averaged 135 bopd net to Crispin during 1999. Upside exists on the property in the form of two additional infill horizontal drilling locations and waterflood potential as evidenced by a successful pilot project implemented in another portion of the pool.

Sousa, Alberta

Crispin has a 100% working interest in 960 acres of Dene Tha' First Nations Lands. Three wells are presently capable of production from the Keg River formation. Crispin owns and operates gathering, treating and water disposal facilities which are connected to the Rainbow Pipeline system. The property is currently producing approximately 65 bopd, with exploitation upside existing in the Sulphur point formation which tested significant volumes of oil and natural gas.

Fort Kent**Medicine Hat****Sousa**

The management discussion and analysis that follows is intended to supplement the financial statements and accompanying notes contained in this annual report.

Production Revenue

Gross petroleum and natural gas revenues increased by 50% in 1999 to \$2,112,609 from \$1,411,300 in 1998. The increase in production revenues is attributable to the vastly improved average field-selling price realized for crude oil in 1999. Crude oil production is Crispin's primary focus and accounts for 93% of total sales. As a result, Crispin is highly sensitive to changes in world crude oil prices. The Corporation's average field commodity price for 1999 increased by 60.7% to \$25.31/boe from \$15.75/boe in 1998.

During the year Crispin entered into crude oil hedging contracts, which resulted in the realization of a \$187,988 hedging loss during 1999. The corporation treats its hedging gains and losses as adjustments to gross revenues. The 1999 loss resulted in a revenue adjustment of \$2.25/boe.

The revenue gains achieved as a result of the improved average commodity prices were slightly tempered by a 7% decline in average daily production volumes in 1999, to 229 boepd. The decline in the average daily production rate during 1999 was the result of two important factors. The Sousa property, which when in full operation produces approximately 65 bopd net of light crude oil, was shut-in for half of the year, the result of summertime production problems which could not be entirely resolved until after freeze up when site access became possible. The shut-in time resulted in the annualized loss of approximately 50 bopd. The second factor affecting production levels during 1999 was the impact of the steep production declines from Crispin's Medicine Hat horizontal wells. The production declines are typically steep during the early years of production from horizontal wells, eventually the annualized rate of production decline levels off.

| | 1999 | | | | 1998 | | | |
|---------------------------|---------|---------|------------|---------|---------|---------|------------|---------|
| | \$000's | % Sales | Volume boe | \$/unit | \$000's | % Sales | Volume boe | \$/unit |
| Crude oil - Light | \$ 862 | 40.8 | 28,608 | \$30.10 | \$ 652 | 46.3 | 34,474 | \$18.90 |
| Crude oil - Heavy | 1,104 | 52.2 | 49,172 | 22.46 | 749 | 53.0 | 54,505 | 13.74 |
| Total crude oil | 1,966 | 93.0 | 77,780 | 25.27 | 1,401 | 99.3 | 88,979 | 15.74 |
| Natural gas | 147 | 7.0 | 5,687 | 2.59 | 10 | 0.7 | 639 | 1.69 |
| Total field revenue (boe) | \$2,113 | 100.0 | 83,467 | \$25.31 | \$1,411 | 100.0 | 89,618 | \$15.75 |
| Hedging loss | (188) | | | (2.25) | 0 | 0.0 | | 0.00 |
| Total net revenue (boe) | \$1,925 | 100.0 | 83,467 | \$23.06 | \$1,411 | 100.0 | 89,618 | \$15.75 |

Hedging

Financial hedging instruments are used where required, to provide stability with respect to commodity pricing, interest rates and exchange rates. During 1999 the Corporation entered into two crude oil forward sales contracts that will also have an impact on 2000 revenues. Crispin has sold forward 100 bopd at \$27.65/bbl and a further 100 bopd at \$28.65/bbl CDN for a twelve month period ending August 31, 2000.

Royalties

Total royalty expense, net of ARTC, increased 20.4% to \$456,462 in 1999 from \$379,078 in 1998. The increase in royalty expenses, both in total and on a per boe basis, is not proportional to the increase recorded in production revenues because it has been influenced by a number of other mitigating factors. The average royalty rates on most of Crispin's acquired properties are substantially less than those paid on the existing core properties and for the first time, benefits from royalty relief available under the Alberta Royalty Tax Credit program were realized.

The Corporation's overall effective royalty rate averaged 21.6% in 1999 as compared to 26.9% in 1998. On a dollar per boe basis the Corporation's royalty rate increased 29.3% to \$5.47/boe compared to \$4.23/boe in 1998.

Management expects to further reduce the overall average royalty rate as new projects are undertaken on Alberta Crown lands that will allow the Corporation to benefit further from the Alberta Royalty Tax Credit program and the Oil Sands Royalty program.

| | 1999 | | | 1998 | | |
|-------------------|---------|--------|---------|---------|--------|---------|
| | \$000's | %Sales | \$/unit | \$000's | %Sales | \$/unit |
| Crude Oil - Light | \$130 | 15.1 | 4.53 | \$144 | 22.1 | 4.18 |
| Crude Oil - Heavy | 331 | 30.0 | 6.76 | 234 | 31.3 | 4.30 |
| Crude Oil Total | 461 | 23.5 | 6.03 | 378 | 27.0 | 4.25 |
| Natural Gas | 26 | 17.7 | 0.45 | 1 | 5.1 | 0.09 |
| ARTC | (31) | (1.5) | (0.37) | (0) | 0.0 | 0.00 |
| Total | \$456 | 21.6 | 5.47 | \$379 | 26.9 | 4.23 |

Production Expenses

Total production expenses were up 5.7% to \$438,231 in 1999 from \$414,542 in 1998. On a boe basis, the 1999 average production expenses increased by 13.4% to \$5.25/bbl from \$4.63/bbl in 1998. Light oil production expenses increased by 22.6% to \$8.91/bbl for 1999 from \$7.27/bbl for 1998. The increase is attributable to the higher costs per barrel experienced on the recently acquired oil and gas assets and a series of isolated charges associated with upgrading certain properties. Heavy oil production expenses were reduced by 3.4% to \$3.11/bbl from \$3.22/bbl for 1998. Production expenses associated with natural gas averaged \$0.53/mcf during 1999, as compared to a net recovery in 1998.

| | 1999 | | 1998 | |
|---------------------|---------|---------|---------|---------|
| | \$000's | \$/unit | \$000's | \$/unit |
| Crude Oil - Light | \$255 | \$8.91 | \$251 | \$7.27 |
| Crude Oil - Heavy | 153 | 3.11 | 175 | 3.22 |
| Crude Oil Total | 408 | 5.25 | 426 | 4.79 |
| Natural Gas & other | 30 | 0.53 | (12) | n/a |
| Total (boe) | \$438 | \$5.25 | \$414 | \$4.63 |

Operating Netback

The Corporation's total operating netback increased by 64.7% to \$1,029,928 during 1999. The per boe netback improved by 77% to \$12.34/boe from \$6.97/boe in 1998. The increased per boe netbacks reflect the strong improvement in average commodity prices during 1999.

| | 1999 | | 1998 | |
|----------------------------|-------------|---------|-------------|---------|
| | \$ | \$/boe | \$ | \$/boe |
| Production Revenue | \$2,112,609 | \$25.31 | \$1,411,300 | \$15.75 |
| Insurance Proceeds | 0 | 0.00 | 7,578 | 0.08 |
| Royalties | (456,462) | (5.47) | (379,078) | (4.23) |
| Production Expenses | (438,231) | (5.25) | (414,542) | (4.63) |
| Operating Netback | \$1,217,916 | \$14.59 | \$ 625,258 | \$ 6.97 |
| Hedging losses | (187,988) | (2.25) | 0 | 0.00 |
| Adjusted Operating Netback | \$1,029,928 | \$12.34 | \$ 625,258 | \$ 6.97 |

General and Administrative Expense

General and administrative expenses, net of recoveries and capitalized costs, increased by 57.7% to \$362,107 in 1999. The 1999 general and administrative expenses include a non-recurring cost for the settlement of outstanding employment matters. At the end of 1999 Crispin had four full-time employees. On a per boe of production basis general and administrative expense increased by 69.5% during 1999 to \$4.34/boe from \$2.56/boe in 1998. As the Corporation's production base is expected to show significant growth during 2000, the per boe general and administrative costs will decline substantially.

Interest Expense

Interest expense increased to \$81,336 in 1999 compared to \$55,658 in 1998 as a result of the Corporation drawing on its available loan facility to fund acquisitions and the development of projects in its core areas.

Depletion and Depreciation Expense

Depletion and depreciation charges for 1999 decreased slightly to \$285,680 from \$288,835 for 1998. On a boe basis depletion and depreciation was \$3.42/boe in 1999 compared to \$3.22/boe for 1998, an increase of 6.2%. The increase in the per boe depletion and depreciation rate is attributable to the capital costs associated with the 1999 drilling and acquisition activities.

Capital Expenditures

The 1999 capital expenditure program was financed through a combination of new equity, use of existing credit lines, non-core asset dispositions and cash flow generated from operations. Net capital expenditures totalled \$2,249,797 in 1999, of which \$18,750 was expended on seismic, \$31,077 on land acquisitions and retention costs, \$1,003,240 was spent on producing property acquisitions net of dispositions, \$1,186,059 on drilling, completion, work-over, and facility costs and \$10,671 on office equipment.

Petroleum and Natural Gas Reserves

The Corporation's crude oil, natural gas and natural gas liquids reserves have been evaluated by the independent engineering firm of Outtrim Szabo Associates Ltd. In the reserve report dated April 5, 2000 Outtrim Szabo Associates Ltd. evaluated the Corporation's hydrocarbon reserves and the net present value of the estimated future net revenues effective December 31, 1999 as follows:

| Evaluating Price Evaluation | Present Value Cash Flow | | | | | | | |
|-----------------------------|-------------------------|---------------|--------------|------------|--------------|---------------|--------|-------|
| | Oil & NGL's | | Sales Gas | | Undiscounted | Discounted at | | |
| | Gross (Mbbbl's) | Net (Mbbbl's) | Gross (Mmcf) | Net (Mmcf) | | 10% | 12% | 15% |
| Proved Producing | 554.3 | 438.0 | 434 | 368 | 7,088 | 5,328 | 5,096 | 4,789 |
| Proved Non-Producing | 107.5 | 80.9 | 3,858 | 2,988 | 7,766 | 3,776 | 3,320 | 2,762 |
| Proved Undeveloped | 284.5 | 224.0 | 28 | 21 | 3,149 | 1,535 | 1,369 | 1,166 |
| Total Proved | 946.3 | 742.9 | 4,320 | 3,377 | 18,003 | 10,639 | 9,785 | 8,717 |
| Probable Risked at 50% | 189.0 | 153.3 | 750 | 579 | 3,567 | 1,674 | 1,491 | 1,267 |
| Total Proved + 50% Prob. | 1,135.3 | 896.2 | 5,070 | 3,956 | 21,570 | 12,313 | 11,276 | 9,984 |

The crude oil price forecast used in determining reserve values in the evaluation was based on an average WTI price of \$20 US/bbl for 2000 and a series of prices ranging from \$18.75 US/bbl to \$19.50 US/bbl thereafter. The natural gas price forecast used in determining natural gas reserve values in the evaluation was based on an average 2000 price of \$2.90/mcf.

Cash Flow

Cash flow from operations increased to \$593,789 in 1999 compared to \$430,917 for 1998. Cash flow per weighted average share outstanding was \$0.02 (\$0.02 fully diluted) for 1999; cash flow per weighted average share outstanding was \$0.018 (\$0.016 fully diluted) for 1998.

Liquidity and Capital Resources

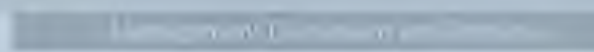
The Corporation had a net working capital deficit of \$658,270 at the end of 1999. At year-end 1998 the Corporation had a net working capital deficit of \$102,592. Net year-end debt, including the working capital deficit, was less than one years "go forward" cash flow.

The Corporation has a \$2,000,000 revolving reducing operating demand loan facility with the National Bank of Canada. The availability of the revolving reducing operating demand loan facility reduces by \$100,000 per month starting August 31, 1999. As of December 31, 1999 Crispin had drawn a total of \$225,000 on these facilities.

Equity

During 1999 the Corporation participated in several private placement equity financings. In total 12,364,444 common shares were issued for gross proceeds of \$1,986,999.

The Corporation achieved an 8.7% return on weighted average equity during 1999 compared to a 1998 return on weighted average equity of 5.9%.



Capital Requirements

The Corporation will continue to finance its activities through future equity offerings, internally generated cash flow and existing bank credit lines. The Corporation intends to use these sources of funding to pursue expansion in existing project areas. The possibility does exist that the various sources of financing currently available to the Corporation may not be available when required, or may not be attainable in the amounts, or on terms acceptable to the Corporation when required to finance Crispin's ongoing activities.

Income Taxes

At December 31, 1999 the Corporation had accumulated tax pools of \$6,878,245 (see note 8 to the financial statements for pool breakdown) available for application against future taxable earnings. These pools will allow the Corporation to shelter future taxable earnings for a number of years.

Business Risks

As a junior petroleum and natural gas explorer, developer and producer Crispin is faced with various risks inherent to the oil and gas industry which are outside of management's control. These include; exploration uncertainty, access to processing and shipping facilities, commodity price fluctuation, interest and foreign exchange rate risks, conditions affecting the supply and demand for hydrocarbons, government regulations, royalty and tax structures and environmental protection.

The oil and gas industry in western Canada is highly competitive and Crispin competes with other oil and gas corporations that have greater resources. The Corporation's continued success will depend upon its ability to find new hydrocarbon reserves at a low cost through exploration, development and acquisition and in conducting its operations in a cost-effective manner.

Management attempts to mitigate the various forms of risk inherent in the industry in a number of ways, including: employing experienced and motivated staff, utilizing new technologies, controlling and reviewing ongoing costs, generating new economic projects in areas where the Corporation has a good understanding of the geological risks and potential, diversification of commodity mix, use of financial hedging instruments, and maintaining sufficient levels of business, comprehensive and property insurance to safeguard the Corporation's assets.

Environmental

The oil and gas industry is subject to environmental regulation under federal and provincial legislation. Some of the Corporation's operations are in environmentally sensitive areas. Crispin is committed to conducting its operations in a manner that minimizes environmental impact and the likelihood of environmental damage. Management estimates and provides for its liability in respect to reclamation and restoration of lands upon which its operations are conducted.

Year 2000

The management and directors of Crispin advise that its Year 2000 computer readiness plan resulted in a smooth transition to the New Year. The corporation has not experienced any disruption, upset or loss in its operations as a result of any Y2K related issues.

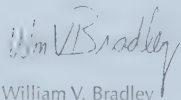


To the Shareholders of Crispin Energy Inc.

Management is responsible for the preparation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for ensuring that all other financial and operating information presented in this annual report are consistent with such consolidated financial statements. The Corporation has established and maintains a system of internal controls which are designed to provide reasonable assurance that all transactions are properly recorded in the Corporation's records to facilitate the preparation of reliable and timely financial information, and that assets are managed efficiently and protected from unauthorized use.

The consolidated financial statements have been audited by the independent accounting firm of Bleackley Hanson Howden, Chartered Accountants, whose appointment is ratified annually by the shareholders at the annual shareholder meeting. The independent accountants conduct a review of internal accounting controls to the extent required by generally accepted auditing standards and perform such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of the financial statements.

The Audit Committee of the Board of Directors is composed of directors from both inside and outside of the Corporation. The Audit Committee meets with the independent accountants and management to satisfy itself that it is properly discharging its responsibilities. The independent accountants have unrestricted access to the Audit Committee, without the prior consent of management, to discuss the results of their examination and the quality of the financial reporting and internal accounting controls.



William V. Bradley
President & CEO



Murray D. Graham
Vice President, Finance


To the Shareholders of Crispin Energy Inc.

We have audited the consolidated balance sheet of Crispin Energy Inc. as at December 31, 1999 and 1998 and the consolidated statements of operations and retained earnings and cash flows for each of the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and 1998 and the results of its operations and the changes in cash flows for each of the years then ended in accordance with generally accepted accounting principles.

April 4, 2000.
Calgary, Alberta.


Chartered Accountant

Consolidated Balance Sheet

Consolidated Balance Sheet as at December 31,

ASSETS

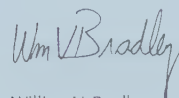
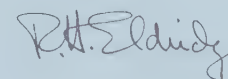
| | 1999 | 1998 |
|----------------------------------|--------------------|--------------------|
| Current Assets: | | |
| Accounts receivable | \$ 994,163 | \$ 954,720 |
| Prepaid expenses | 10,051 | 1,950 |
| Refundable Deposits | 56,050 | 0 |
| Inventory | 6,012 | 6,295 |
| | <u>1,066,276</u> | <u>962,965</u> |
| Other assets: | | |
| Property, and equipment (Note 5) | 4,937,138 | 3,354,986 |
| Goodwill (net)(Note 2) | 43,555 | 51,766 |
| | <u>\$6,046,969</u> | <u>\$4,369,717</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | 1999 | 1998 |
|--|--------------------|--------------------|
| Current liabilities: | | |
| Cheques issued in excess of cash in bank | \$ 81,283 | \$ 31,481 |
| Accounts payable | 1,643,263 | 659,076 |
| Current portion of long term debt (Note 4) | 0 | 375,000 |
| | <u>1,724,546</u> | <u>1,065,557</u> |
| Accumulated future site restoration (Note 2) | 29,781 | 5,096 |
| Long term debt (Note 4) | 225,000 | 1,000,000 |
| Shareholders' equity: | | |
| Share capital (Note 6) | 3,927,460 | 2,434,095 |
| Retained Earnings (Deficit) | 140,182 | (135,031) |
| | <u>4,067,642</u> | <u>2,299,064</u> |
| | <u>\$6,046,969</u> | <u>\$4,369,717</u> |

See accompanying notes

On behalf of the Board of Directors,


William V. Bradley
President & CEO

Robert H. Eldridge
Chairman

Consolidated Statement of Operations and Deficit for the Years ended December 31,

| | 1999 | 1998 | | 1999 | 1998 |
|--------------------------------|-------------|-------------|--|-----------|-------------|
| Revenue: | | | Income taxes - current (Note 8) | 122,745 | 58,814 |
| Oil & Gas sales | \$2,112,609 | \$1,414,845 | Reduction due to application of non-capital losses | (122,745) | (58,814) |
| Royalties | (456,462) | (379,078) | Net Income for the period | 275,213 | 131,871 |
| Hedging Losses | (187,988) | 0 | Deficit, beginning of period | (135,031) | (266,902) |
| Insurance Proceeds | 0 | 7,578 | Retained Earnings (deficit), end of period | \$140,182 | \$(135,031) |
| Interest and other | 7,304 | 87,337 | Net Income per share (Note 7) | | |
| | 1,475,463 | 1,130,682 | Basic | \$ 0.009 | \$ 0.005 |
| Expenses: | | | Fully diluted | \$ 0.009 | \$ 0.006 |
| Depletion and depreciation | 285,680 | 288,835 | See accompanying notes | | |
| Site restoration | 24,685 | 2,000 | | | |
| Amortization of goodwill | 8,211 | 8,211 | | | |
| Operating | 438,231 | 414,542 | | | |
| General & administrative | 362,107 | 229,565 | | | |
| Interest expense | 81,336 | 55,658 | | | |
| | 1,200,250 | 998,811 | | | |
| Net income before income taxes | 275,213 | 131,871 | | | |

Consolidated Cash Flow Statement for the Years ended December 31,

Cash flow provided by (used for):

Cash flow from operating activities:

| | | |
|----------------------------------|----------------|----------------|
| Income for the year | \$275,213 | \$131,871 |
| Add: items not involving cash | | |
| Amortization of goodwill | 8,211 | 8,211 |
| Site restoration | 24,685 | 2,000 |
| Depletion and depreciation | 285,680 | 288,835 |
| Cash flow from operations | 593,789 | 430,917 |

| | | |
|--|------------------|------------------|
| Change in non-cash working capital | | |
| (Increase) decrease in refundable deposits | (56,050) | 0 |
| (Increase) decrease in accounts receivable | (39,443) | (559,781) |
| (Increase) decrease in prepaid expenses | (8,101) | 11,764 |
| (Increase) decrease in material inventory | 283 | 0 |
| Increase (decrease) in accounts payable | 984,187 | (341,438) |
| | 880,876 | (889,455) |
| Cash flow from operating activities | 1,474,665 | (458,538) |

Cash flow from financing activities:

| | | |
|--|------------------|------------------|
| Bank advances (repayments) | (1,150,000) | 1,375,000 |
| Shares issued for cash | 1,986,999 | 80,000 |
| Deferred tax effect on flow-through shares | (440,399) | 0 |
| Share issue costs | (53,235) | (39,353) |
| Cash flow from financing activities | 343,365 | 1,415,647 |
| Funds available for investing | 1,818,030 | 957,109 |

Cash flow from investing activities:

| | | |
|--|--------------------|--------------------|
| Deferred tax effect on flow-through shares | 440,399 | 0 |
| Acquisition of P&NG properties net | (2,308,231) | (2,619,505) |
| Cash flow from investing activities | (1,867,832) | (2,619,505) |

Increase (decrease) in cash for the period

Cash, beginning of period

Cash, (bank overdraft) end of period

Cash flow from operations per share (Note 7)

| | | |
|---------------|----------|----------|
| Basic | \$ 0.020 | \$ 0.018 |
| Fully diluted | \$ 0.019 | \$ 0.016 |

See accompanying notes

December 31, 1999

1. Nature of Operations

The Corporation is engaged in the exploration for, and the production of petroleum and natural gas in Western Canada.

2 Significant Accounting Policies

Consolidation - The financial statements include the accounts of Crispin Energy Inc. ("the Corporation") and its wholly owned subsidiaries.

Petroleum and natural gas operations - The Corporation follows the full cost method of accounting for petroleum and natural gas operations whereby all costs relating to the exploration and development of petroleum and natural gas reserves are capitalized. Costs include land acquisition costs, carrying charges on unproved properties, geological and geophysical costs, costs of drilling both productive and non-productive wells, production equipment and related facilities and directly related overhead costs.

Such costs are accumulated, depleted and amortized on a unit of production method based on estimated gross proven recoverable reserves with production and reserves volumes of natural gas converted to equivalent energy units of oil. The Corporation utilizes a 6:1 conversion rate for depletion purposes. At December 31, 1999 \$47,319 of costs related to unproven reserves have been excluded from costs subject to depletion and amortization.

Gains or losses on the disposition of oil and gas properties are not recognized unless crediting the proceeds against accumulated costs would result in a change in the depletion rate by 20% or more.

Ceiling test - Costs accumulated in all cost centres are limited to the aggregate future net revenues from estimated production of proved reserves,

based on year-end prices for natural gas and the weighted average price received during the year for crude oil, plus the aggregate value of unproved properties and major development projects, less the aggregate estimated future production related general and administrative, financing costs, future site restoration costs and income taxes for all costs centres.

Goodwill - The goodwill arose from the excess of purchase price over fair market value of the net assets of Camrex Resources Ltd. in 1995. Goodwill is amortized on a straight line basis over a ten-year period at \$8,211 per annum.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The amounts recorded for depletion and the provision for future site restoration costs are based on estimates. The ceiling test calculation is based on estimates of proved reserves, production rates, oil and natural gas prices, future costs and other assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Financial instruments - The fair value of financial instruments are determined by reference to various market data and other valuation techniques as appropriate. The Corporation's financial instruments consist of cash equivalents, accounts receivable, refundable deposits, prepaid expenses and accounts payable. The fair value of financial instruments is not estimated by management to be materially different from the carrying value.

Future site restoration costs - Estimated future costs of restoring the Corporation's oil and gas properties, net of the estimated salvage value of the

tangible equipment, are being provided for on the unit of production basis. Such costs are expensed annually and accumulated in the provision account based on proven reserve estimates and current production levels. When expenditures are made to restore a property, the accrued provision is charged with these expenditures.

Joint operations - The Corporation's petroleum and natural gas exploration activities are conducted jointly with other parties. These financial statements reflect only the Corporation's proportionate interest in such activities.

Flow-Through shares - The Corporation has financed a portion of its capital expenditures with flow-through shares. Under this type of financing, shares are issued at a fixed price and the resultant proceeds are used to fund qualifying exploration and development expenditures within a defined time period. The expenditures funded by flow-through arrangements are renounced to investors in accordance with tax legislation. Share capital and petroleum and natural gas properties are reduced by the total estimated future income tax cost of the renounced tax deductions at the time of the issue. Effective December 31, 1999 the Corporation renounced \$987,000 of qualifying resource expenditures to the flow-through shareholders. As of December 31, 1999 the Corporation had actually incurred \$680,000 in qualifying expenditures with the remaining \$307,000 incurred in 2000.

Hedging - The Corporation periodically enters into contracts to hedge its exposure to price declines on a portion of its production. Gains or losses on these contracts are reported as adjustments to revenue in the related reporting period.

3. Acquisitions

On July 21, 1999 the Corporation purchased all of the issued and outstanding shares of Gannon Brothers Energy Ltd. and Denton Energy Ltd., and

subsequently dissolved and wound up both corporations. The acquisition has been accounted for using the purchase method and the results of operations have been included from the date of acquisition.

Assets Acquired

| | |
|-------------------------------|--------------------|
| Net working capital | \$ 246,040 |
| Property, Plant and Equipment | 1,229,289 |
| Total Assets acquired | <u>\$1,475,329</u> |

Cost of Acquisition

| | |
|----------------------|--------------------|
| Cash | \$1,475,329 |
| Total purchase price | <u>\$1,475,329</u> |

4. Debt Instruments

The Corporation has a \$2,000,000 revolving reducing operating demand loan facility. Interest is payable on borrowings under the operating facility at an interest rate of prime plus one percent. At December 31, 1999 borrowings outstanding under this facility totalled \$225,000. The availability of the revolving reducing operating demand loan facility reduces by \$100,000 per month starting August 31, 1999. This credit facility is subject to an annual review and does not currently call for further repayments or availability reductions provided certain covenants related to the facility are met. Collateral for the credit facility consists of a fixed and floating charge demand debenture in the amount of \$5,000,000 covering the primary P&NG assets of the Corporation.

Property and Equipment

| | | December 31, 1999 | | December 31, 1998 |
|---------------------------|-------------|--|-------------------|-------------------|
| | Cost | Accumulated depletion, amortization and write-down | Net book value | Net book value |
| Property and Equipment | \$6,397,626 | \$1,460,488 | \$4,937,138 | \$3,354,986 |

During the year ended December 31, 1999 the Corporation capitalized \$129,635 (1998 - \$141,725) of general and administrative expenditures relating to exploration activities. Undeveloped property costs of \$47,319 (1998 - \$44,604) were excluded from the depletion base. The carrying value for oil and gas properties has been reduced by \$440,399 for the year ended December 31, 1999 representing the tax benefits of exploration and development expenditures renounced to shareholders in connection with flow-through share agreements. Estimated future costs of restoring the Corporation's oil and gas properties, net of the estimated salvage value of the tangible equipment, are being provided for in the financial statements.

Share Capital

| | |
|------------|---|
| Authorized | Unlimited number of common shares 150,000 preferred shares |
|------------|---|

| Issued | Number of shares | Carrying value |
|--|---------------------|-------------------|
| Common Shares | | |
| Balance, January 1, 1998 | 20,302,958 | \$1,625,290 |
| Issued on exchange of Special Warrants | 5,498,829 | 913,906 |
| Issued for cash | 400,000 | 80,000 |
| Less: Special Warrant issuance costs | | (145,748) |
| Less: Special Warrant conversion and listing costs | | (39,353) |
| Balance, December 31, 1998 | 26,201,787 | \$2,434,095 |

| | Number of shares | Carrying value |
|---|---------------------|-------------------|
| Issued for cash, net of deferred taxes of \$303,416 | 8,000,000 | 896,584 |
| Issued for cash | 3,000,000 | 480,000 |
| Issued for cash, net of deferred taxes of \$136,983 | 1,364,444 | 170,016 |
| Less: Share issue costs | | (53,235) |
| Balance, December 31, 1999 | 38,566,231 | \$3,927,460 |

Special Warrants

| | | |
|--|-------------|------------|
| Balance - January 1, 1998 - Special Warrants | 5,498,829 | \$ 768,158 |
| Exercised and exchanged for common shares March 1998 | (5,498,829) | (768,158) |
| Balance, December 31, 1999 | Nil | Nil |

Share Purchase Warrants

At December 31, 1999 the Corporation had 1,000,000 Series 1 share purchase warrants and 500,000 Series 2 share purchase warrants outstanding. Each Series 1 warrant entitles the holder to purchase one common share at a price of \$0.18 anytime prior to December 1, 2000. Each Series 2 warrant entitles the holder to purchase one common share at a price of \$0.20 anytime prior to December 1, 2001.

Stock Options - Common Shares

The Corporation has established a stock option plan whereby officers, directors, employees and consultants may be granted options to purchase common shares. A maximum of 10% of the outstanding common shares of the Corporation may, from time to time be allocated for issuance to eligible participants. At December 31, 1999 options for 2,125,000 shares were outstanding with exercise prices ranging from \$0.15 to \$0.25 per share and expiration dates from April 2000 to December 2004.

Flow-through Share Agreements

During 1999 the Corporation entered into flow-through share agreements, whereby the Corporation agreed to issue 5,364,444 flow-through common shares of the Corporation, in consideration for the Corporation incurring \$987,000 in qualifying expenditures prior to December 31, 2000, and to flow the income tax benefits to the investor.

7. Per Common Share Amounts

The calculation of net income per common share and cash flow from operations per share is based on the weighted average number of common shares outstanding during the year ended December 31, 1999 of 29,603,662 (1998 - 24,553,044). The fully diluted weighted average number of common shares outstanding during the year ended December 31, 1999 was 31,181,730 (1998 - 26,294,455).

Cash flow from operations per share is based on cash flow from operations before changes in non-cash working capital items.

8. Income Taxes

Income taxes recorded on the statement of operations and deficit differ from the tax calculated by applying the combined federal and provincial income tax rate to income before taxes as follows:

| | December 31, 1999 | December 31, 1998 |
|---|-------------------|-------------------|
| Corporate tax rate | 44.62% | 44.62% |
| Calculated income tax expense | \$122,745 | \$58,814 |
| Increase (decrease) in income tax | | |
| Non-deductible crown charges | 27,928 | 11,963 |
| Non-deductible depletion and depreciation | 138,485 | 129,771 |
| Federal Resource Allowance | (106,103) | (55,190) |
| Federal Earned Depletion | (77,123) | 0 |
| Federal Resource Pools | (7,735) | 0 |
| Decrease from the application of prior years losses | (102,578) | (149,459) |
| Other | 4,381 | 4,101 |
| Income tax provision | \$ Nil | \$ Nil |

The Corporation has the following amounts available to reduce future year's income for tax purposes, the tax effect of which has not been recorded in the financial statements, as virtual certainty of realization does not exist:

| | December 31, 1999 |
|--|--------------------|
| Canadian Oil & Gas Property Expense | \$1,100,248 |
| Canadian Development Expense | 1,850,670 |
| Canadian Exploration Expense | 804,143 |
| Earned depletion | 46,847 |
| Undepreciated Capital Costs (various) | 1,156,799 |
| Cumulative Eligible Capital | 1,948 |
| Share issue costs | 337,375 |
| Net-capital losses | 514,500 |
| Non-capital losses carried forward for income tax purposes | 1,065,715 |
| | <u>\$6,878,245</u> |

The non-capital losses expire if not utilized to reduce future taxable income as follows:

| | | |
|------|----|-----------|
| 2000 | \$ | 234 |
| 2001 | \$ | 1,049,570 |
| 2002 | \$ | 59 |
| 2003 | \$ | 15,048 |
| 2004 | \$ | 146 |
| 2005 | \$ | 658 |

Financial Instruments

As disclosed in Note 2 (f) the Corporation holds various forms of financial instruments. The nature of these financial instruments and the nature of the industry in which the Corporation operates exposes the Corporation to commodity price, industry credit, interest rate and fair value risks.

Commodity price risk - The Corporation is subject to commodity price risk on its crude oil sales. The corporation is party to certain off-balance sheet derivative financial instruments which have fixed the price of a portion of its crude oil production. The corporation entered into these contracts for hedging purposes only, in an effort to protect its future cash flow from the volatility of crude oil prices.

At December 31, 1999 the corporation held hedge commitments for 100 bopd at a price of \$27.65 CDN and a further 100 bopd at a price of \$28.65 CDN. Both contracts expire August 31, 2000.

The estimated liabilities on the above hedging transactions were \$251,320 CDN as at December 31, 1999. The estimated liabilities are based on the market value of these financial instruments at year-end and represent the amount the corporation would have paid to terminate the contracts at year-end.

Industry credit risk - The Corporation is subject to credit risk through trade receivables and short-term investments. Although a substantial portion of its debtor's ability to pay is dependent upon the oil and gas industry, credit risk is considered minimal. Short-term cash investments are placed with well-capitalized, high quality financial institutions and in short duration corporate and government debt securities.

Interest rate risk - The Corporation's credit facilities are subject to floating interest rates. As such any debt carried on the books by the Corporation would be subject to interest rate cash flow risk, as the required cash flow to service debt would fluctuate as a result of changes in market rates. The Corporation had total borrowings outstanding under its available credit facilities as of December 31, 1999 of \$225,000 (Note 3).

Fair value risk - There is no significant difference between the carrying amounts and the fair market value of accounts receivable, accounts payable and accrued liabilities.

10. Commitments

Annual lease payments for office premises (expiring May 2003) including estimated operating costs are as follows:

| | |
|------|----------|
| 2000 | \$72,764 |
| 2001 | 77,268 |
| 2002 | 79,063 |
| 2003 | 33,254 |

11. Contingency

The Corporation is a defendant in a legal action claiming a royalty on production from certain of the Corporation's properties. The amount of the royalty claim is material to the Corporation, however, on the advice of its legal council, management has filed a Statement of Defence and Counterclaim. Management believes that the claim is without merit and has made no provision in the financial statements for the amount claimed.

The Corporation is involved in certain legal proceedings brought on by a former employee. Management has estimated the obligation and has provided for it in the financial statements.

12. Comparative Figures

Certain 1998 balances have been reclassified to conform with the current year financial statement presentation.

13. Uncertainty due to the Year 2000

The Year 2000 issue arose because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the Year 2000 date is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the company have been fully resolved.

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---------|---------|---------|---------|---------|
| FINANCIAL (\$000's except where noted) | | | | | |
| Production Revenue | 2,113 | 1,411 | 912 | 996 | 1,012 |
| Royalties | (488) | (379) | (228) | (206) | (246) |
| ARTC | 31 | 0 | 4 | 0 | 0 |
| Hedging Gains (Losses) | (188) | 0 | 0 | 0 | 0 |
| Insurance Proceeds | 0 | 7 | 107 | 0 | 0 |
| Production Expenses | (438) | (414) | (373) | (538) | (395) |
| Operating Netback | 1,030 | 625 | 422 | 252 | 371 |
| General & Administrative | (362) | (230) | (159) | (152) | (136) |
| Interest Expense | (82) | (56) | (7) | (5) | (3) |
| Other Income | 7 | 91 | 115 | 60 | 49 |
| Operating Cash Flow | 594 | 430 | 371 | 155 | 281 |
| Depletion, Depreciation & Restoration | (310) | (291) | (60) | (71) | (167) |
| Amortization of Goodwill | (8) | (8) | (8) | (8) | (6) |
| Net Income | 275 | 131 | 303 | 76 | 108 |
| Operating Cash Flow (Basic \$/share) | \$0.020 | \$0.018 | \$0.018 | \$0.008 | \$0.015 |
| Net Income per Share (Basic \$/share) | \$0.009 | \$0.005 | \$0.015 | \$0.004 | \$0.006 |
| Capital Expenditures | 2,250 | 2,620 | 729 | 224 | 687 |
| Total Assets | 6,046 | 4,370 | 3,130 | 1,722 | 1,355 |
| Working Capital (Deficiency) | (658) | (103) | 1,042 | (104) | (35) |
| Long-Term Debt | 225 | 1,000 | 0 | 0 | 0 |
| Shareholder's Equity | 4,067 | 2,299 | 2,127 | 1,052 | 976 |
| Depletion and Depreciation (\$/boe) | \$3.42 | \$3.20 | \$1.44 | \$1.88 | \$3.59 |
| Return on Average Equity | 8.7% | 5.9% | 21.5% | 7.5% | 10.9% |
| Common Shares (thousands) | | | | | |
| Weighted Average Outstanding | 29,604 | 24,553 | 20,285 | 20,283 | 18,271 |

Five-Year Review

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|--|----------------|---------|---------|---------|---------|
| Shares Outstanding (Year-end) | 38,566 | 26,202 | 20,303 | 20,283 | 20,283 |
| Fully Diluted Weighted Average Outstanding | 31,182 | 26,294 | 22,760 | 21,226 | 18,812 |
| Market Information | | | | | |
| High (\$/share) | \$0.25 | \$0.34 | \$0.40 | \$0.35 | \$0.32 |
| Low (\$/share) | \$0.05 | \$0.05 | \$0.13 | \$0.10 | \$0.10 |
| Close (\$/share) | \$0.21 | \$0.06 | \$0.34 | \$0.24 | \$0.24 |
| Shares Traded (thousands) | 2,542 | 939 | 1,883 | 1,150 | 793 |
| OPERATING | | | | | |
| Average Sales Prices | | | | | |
| Natural Gas (\$/mcf) | \$2.59 | \$1.69 | \$1.46 | \$0.98 | \$0.89 |
| Oil/NGL (\$bbl)(net) | \$23.02 | \$15.74 | \$22.53 | \$27.21 | \$22.15 |
| Operating Netback (\$/boe) | \$12.34 | \$6.97 | \$10.35 | \$6.72 | \$7.99 |
| Operating Cash Flow (\$/boe) | \$7.11 | \$4.81 | \$9.10 | \$4.13 | \$6.05 |
| Daily Production | | | | | |
| Natural Gas (mcf/d) | 156 | 18 | 21 | 37 | 34 |
| Oil/NGL (bbls/d) | 213 | 244 | 110 | 99 | 124 |
| Annual Production | | | | | |
| Natural Gas (mmcf) | 56,867 | 6,391 | 7,639 | 13,553 | 12,443 |
| Oil (bbls) | 77,780 | 88,979 | 39,991 | 36,150 | 45,190 |
| Boe's | 83,467 | 89,618 | 40,755 | 37,505 | 46,434 |
| Drilling Statistics Gross (Net) | | | | | |
| Natural Gas | 1 (0.1) | 0 (0.0) | 0 (0.0) | 0 (0.0) | 0 (0.0) |
| Oil | 1 (1.0) | 5 (1.4) | 2 (0.6) | 0 (0.0) | 0 (0.0) |
| D&A | 0 (0.0) | 2 (1.1) | 0 (0.0) | 0 (0.0) | 0 (0.0) |
| Total | 2 (1.1) | 7 (2.5) | 2 (0.6) | 0 (0.0) | 0 (0.0) |
| Employees | 4 | 5 | 4 | 2 | 2 |

TRANSFER AGENT

Montreal Trust Company of Canada
 600, 530 - 8th Ave. S.W.
 Calgary, Alberta.
 T2P 3S8

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 T2N 2A1

SOLICITORS

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 T2P 4K7

BANKERS

National Bank of Canada
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 Calgary, Alberta.
 T2P 1E5

EVALUATION ENGINEERS

Outtrim Szabo Associates Ltd.
 1430, 311 - 6th Ave. S.W.
 Calgary, Alberta.
 T2P 3H2

ABBREVIATIONS

| | |
|-------|---|
| bbls | Barrels |
| boe | Barrels of oil equivalent |
| bopd | Barrels of oil per day |
| mcf | Thousands of cubic feet |
| mcf/d | Thousands of cubic feet per day |
| ngl's | Natural gas liquids |
| ° API | Oil gravity in units of the American Petroleum Institute |

BOARD OF DIRECTORS

William V. Bradley, P. Eng.
Calgary, Alberta

John S. Burns, Q.C. ⁽¹⁾
Calgary, Alberta

Robert H. Eldridge ⁽¹⁾
Toronto, Ontario

Murray R. Nunns, P. Geol.
Calgary, Alberta

Glen A. Phillips, P. Geol.
Calgary, Alberta

⁽¹⁾ Audit Committee

OFFICERS

William V. Bradley, P. Eng.
President & CEO

Murray D. Graham, CGA
Vice-President, CFO &
Corporate Secretary

STOCK EXCHANGE

Canadian Venture Exchange -
"CEY"

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▶ *new directions* ▶